



# CRS Issue Statement on Latin America and the Caribbean

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U.S. interests in Latin America and the Caribbean are diverse, and include economic, political and security concerns. Geographic proximity has ensured strong economic linkages between the United States and the region, with the United States being the major trading partner and largest source of foreign investment for many countries in the region. Free trade agreements with several countries have been critical means for enhancing of U.S. economic relations with the region. The region is also the largest source of U.S. immigration, both legal and illegal, with geographic proximity and economic conditions being major factors driving migration trends. Curbing the flow of illicit drugs from Mexico and South America into the United States has been a key component of U.S. relations with Latin America for almost two decades. Latin American nations, largely Venezuela and Mexico, supply the United States with just over one-third of its imported oil, but concerns are increasing over their reliability as oil suppliers. While the region has made enormous strides in terms of political development over the past two decades, the rise of authoritarianism or what some have termed radical populism in several countries, especially Venezuela, as well as the Honduran military's June 2009 ouster of the country's elected civilian president have been U.S. concerns.

In the 111<sup>th</sup> Congress, legislative and oversight attention to Latin America and the Caribbean to date has focused on the sharp increase in drug-related violence in Mexico and U.S. assistance to Mexico under the Mérida Initiative, continued counternarcotics and security support to Colombia; and efforts to assist Central American countries deal with the rise of violent gangs and drug-related violence. As in past years, debate over the best means to foster political change in communist Cuba has been a focus of congressional attention. At the end of the first session, Congress extended expiring unilateral trade preferences for the Andean region, and in the second session could consider legislation that would reform and extend all trade preference programs as well as legislation that would approve reciprocal free trade agreements (FTAs) with Colombia and Panama. Efforts to promote poverty alleviation and sustain stability and security in Haiti remained top congressional concerns in the first session, and the catastrophic earthquake that hit Port-au-Prince on January 12, 2010 will focus congressional attention on the enormous task ahead for disaster recovery and reconstruction.

In the first session, congressional oversight hearings included such topics as: overall U.S. policy toward Latin America; the fifth Summit of the Americas held in Trinidad and Tobago in April 2009; Guatemala's drug-related violence; the status of U.S. relations with Bolivia; problems with television broadcasting to Cuba; the political crisis in Honduras; an assessment of U.S. drug policy in the Americas; Iran's activities in the Western Hemisphere; restrictions on travel to Cuba; and the Administration's proposed Caribbean Basin Security Initiative. Many of these and other issues will remain congressional concerns in the second session.

Congress has maintained an active interest in neighboring Mexico with myriad counternarcotics, migration, trade, and border issues dominating the agenda. More than a dozen congressional hearings were held from March through May 2009 on the increase in drug-related violence in Mexico, U.S. foreign assistance and border security programs, and U.S. efforts to curb the flow of weapons to Mexico.

Under the Mérida Initiative, a program to assist Mexico and Central America combat drug trafficking and organized crime, U.S. assistance for FY2008 and FY2009 has totaled nearly \$1.3 billion since FY2008 (with about \$1.1 billion of that for Mexico), although Congress has expressed concerns about delays in the implementation of the program. In December 2009, Congress appropriated \$293 million in FY2010 Mérida-related assistance for Mexico and Central America (with about \$210 million for Mexico) bringing total Mérida Initiative assistance to

almost \$1.7 billion. For FY2008 and FY2009, Congress included \$2.5 million annually for the Dominican Republic and Haiti under the Mérida Initiative. For FY2010, Congress appropriated \$37 million for a broader Caribbean Basin Security Initiative proposed by the Obama Administration to help Caribbean nations reduce illicit trafficking, advance public safety and security, and promote social justice.

On other Mexico-related issues, the second session of the 111<sup>th</sup> Congress might consider comprehensive immigration reform efforts; while President Obama maintains that it remains a priority for the Administration, so far other domestic and economic issues have taken precedence. On trade issues, a current bilateral dispute involves the implementation of trucking provisions under the North American Free Trade Agreement. In March 2009, Congress terminated a pilot-project for Mexican-registered trucks to operate beyond the border commercial zone, and Mexico responded by imposing import tariffs on over 90 U.S. agricultural and industrial products.

U.S. support for Colombia has included significant foreign assistance and material support, more than \$7 billion since FY2000, to assist the government in combating drug trafficking and dealing with threats posed by guerrilla and paramilitary terrorist groups. Congress is continuing to review U.S. counternarcotics progress in Colombia, with a focus on striking a balance between enhancing the rule of law, human rights and economic development programs on the one hand, and continuing efforts on security and drug interdiction on the other. Congressional oversight on Colombia has focused on the human rights situation (particularly for labor activists, Afro-Colombians, and a large population of internally displaced persons), the health and environmental consequences of aerial fumigation, progress on alternative development programs, the effectiveness of eradication efforts, and the paramilitary demobilization process. In October 2009, Colombia and the United States signed a defense cooperation agreement that provides U.S. access to Colombian military bases for the next decade; the agreement sparked protests in several Latin American countries, including in Venezuela where President Hugo Chávez has strongly opposed the agreement.

As in past years, the main issue for U.S. policy toward Cuba in the 111<sup>th</sup> Congress has been how to best support change in one of the world's last remaining communist nations. Since the early 1960s, policy toward Cuba has consisted largely of isolating the island nation through economic sanctions. In March 2009, Congress eased some restrictions on family travel in the FY2009 omnibus appropriations measure, and in April 2009, President Obama fulfilled a campaign pledge when he announced that his Administration would allow unlimited family travel and remittances and greater telecommunications links with Cuba. In December 2009 action on the FY2010 omnibus appropriations measure, Congress slightly eased payment terms on U.S. agricultural exports to Cuba by defining the term "payment of cash in advance" during FY2010 for exports to Cuba under the Trade Sanctions Reform and Export Enhancement Act of 2000 or TSRA. Also in the FY2010 omnibus measure, Congress appropriated continued funding for Cuba democracy projects and Cuba broadcasting. Numerous other legislative initiatives have been introduced to lift or ease economic sanctions on Cuba in the 111<sup>th</sup> Congress. Other oversight issues include the human rights situation in Cuba, the status of economic reform efforts under Raúl Castro, and cooperation with Cuba on migration, drug trafficking, and other bilateral issues.

In the first session, Haiti's efforts to alleviate persistent poverty were a top congressional concern, as were efforts to promote long-term stability and security, to strengthen democratic processes, and to curb the use of Haiti as a transit point for illicit drugs flowing from South America to the United States. With the devastating earthquake that hit Port-au-Prince on January 12, 2010, congressional attention will likely focus on U.S. support for the enormous task ahead in disaster

recovery and reconstruction. Legislative elections had been scheduled to take place in February 2010, with the United Nations Stabilization Mission in Haiti (MINUSTAH) playing a role in security and logistics for the elections. MINUSTAH will likely be looked to as playing a major role in providing disaster assistance.

Congress has expressed concern about the deterioration of U.S. relations with several Latin American nations in recent years, such as Venezuela under Hugo Chávez, Bolivia under Evo Morales, and Nicaragua under Daniel Ortega. Regarding Venezuela, where relations with the populist government of President Chávez have been strained, U.S. policymakers have faced the dilemma of how to influence the government to adhere to democratic principles without taking sides in the country's polarized political environment. U.S. officials also have expressed concerns about President Chávez's military arms purchases, his relations with such countries as Cuba and Iran, his efforts to export his brand of populism to other Latin America countries, and declining cooperation with the United States on anti-drug and anti-terrorism efforts. The United States also has faced challenges in bilateral relations with Bolivia under President Evo Morales, with concerns centered on Bolivia's counternarcotics efforts. In late 2008, President Bush suspended Bolivia's participation in the preferential trade program for Andean nations known as the Andean Trade Preference Act (ATPA) because of Bolivia's failure to cooperate on counternarcotics efforts. President Obama continued this suspension in late June 2009. In Nicaragua, where Sandinista leader and former President Daniel Ortega was elected president in 2006, U.S. relations deteriorated in late 2008 in the aftermath of the country's questionable municipal elections. The United States suspended and ultimately canceled some \$62 million of the country's \$175 million Millennium Challenge Corporation agreement because of the apparent electoral fraud. U.S. officials have expressed concerns about actions by Nicaragua's Supreme Court that would allow President Ortega to run for office again in 2011.

Violent crime has been a major problem in Central America, especially in El Salvador, Guatemala, and Honduras. As noted above, Central American countries are receiving assistance to combat organized crime under the Mérida Initiative. For FY2008 and FY2009, Congress appropriated \$165 million for Central America under the program, and in December 2009, Congress appropriated \$83 million in Mérida-related assistance for Central America, bringing the total to \$248 million. Congressional oversight in the 111<sup>th</sup> Congress has also focused on the security situation in Guatemala, prompted by an increase in drug-related violence in that country, caused in part by the displacement of traffickers from Mexico.

The Honduran military's ouster of President Manuel Zelaya in late June 2009 prompted strong congressional responses and oversight. The Obama Administration and the international community condemned the coup, and called for Zelaya's return. In Congress, some Members condemned the Honduran military for the ouster of an elected president, while others condemned President Zelaya for his efforts to hold a constituent assembly that would alter the Honduran constitution. In late November 2009, Honduras elected a new President, Porfirio Lobo, who is scheduled to take office in late January 2010. The United States and a growing number of other countries have said they will recognize the new government, while the refusal of *de facto* President Roberto Micheletti to resign his interim presidency before Lobo's inauguration could make it difficult for other countries in the region, such as Brazil, to extend recognition.

With regard to trade issues, in late December 2009, Congress approved a one-year extension of the Andean Trade Preference Act (ATPA) until December 31, 2010, which provides import tariff preferences for Colombia, Ecuador, and Peru. Benefits for Bolivia under the program have been suspended since late 2008. In the second session of the 111<sup>th</sup> Congress, Congress may consider

broader tariff preference reform legislation or another extension of the ATPA program. Some Members have introduced legislation to add Paraguay and Uruguay to the preference program. Trade preferences under the Caribbean Basin Trade Partnership Act (CBTPA) will expire on September 30, 2010, and Congress may consider a reform or extension of that program. Congress also could consider implementing legislation for two remaining FTAs, one with Panama and one with Colombia. An issue of contention for the Colombia agreement has been the level of violence against labor activists, while congressional objection to the U.S.-Panama agreement has centered on Panama's tax and labor laws.

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